Press Conference #190,
Executive Offices of the White House,
March 13, 1935, 10:50 A.M.

THE PRESIDENT: Stevie (Mr. Stephenson), you look a little pale.

Q (Mr. Stephenson) Just hard work.

THE PRESIDENT: Has there been a committee appointed to censor Stevie's speech?

Q We tried it out the other night.

THE PRESIDENT: Was it all right?

Q He said fine words -- in English, too.

THE PRESIDENT: Just build that up -- that is a nucleus.

Q Very good, but a little nervous.

THE PRESIDENT: He is still waiting for his diploma from the Young School of Expression and when he gets that --

Q (interposing) It is a long way off too.

THE PRESIDENT: You have to watch out; George Washington University will give him a degree if you don't.

Q I will pass on that.

THE PRESIDENT: I don't think there is any particular news this morning.

Q Mr. President, that story in the morning paper about some kind of a departmental order stopping more than one member of the family --

THE PRESIDENT: The story was all right except that it was all wrong. In the first place, nothing happened at the Emergency Council meeting yesterday as the story says. I think it was two or three months ago there was a general consensus of opinion -- there was no order -- that in taking on new employees we ought to spread the work as far as possible. It would not apply to anybody now
in the Government service but, all other things being equal, we should try to give the new jobs to people who did not already have some member of the family in the Government service. I think it was three months ago. There has never been any order on it. That was just the expression of opinion in the Council that everybody ought to try to take on people that way.

Q If they were experts in their line?

THE PRESIDENT: Yes. Other things being equal, we ought to get somebody else. Then that raised the question, what is a family? That is a difficult one because you run into all sorts of questions of domestic relations so, leaving out the relationships, et cetera, we agreed that the easiest definition of a family was a lot of people living under the same roof or in the same apartment. Now, that should be broad enough to satisfy any of you.

Q Do you care to comment on the cotton situation?

THE PRESIDENT: I do not think so. You know I think it was, when, last November that we talked about the general problem of the cotton surplus and the gradual reduction of the cotton surplus. I do not think there is anything to add to that. It is coming along.

Q Have you asked or are you going to ask for a substitute law to have any suits on the gold clause brought in the Court of Claims?

THE PRESIDENT: No. There again you probably saw various people running in and out of conferences that were nothing more than an examination into the Supreme Court decision. Nothing has been determined.

Q Does that simply mean you have decided nothing or have decided not to?

THE PRESIDENT: No, just decided nothing. Just exploring.
Q. Do you exempt any type of holding company from elimination?

THE PRESIDENT: I think you will have to read the Message. It is awfully difficult, in this kind of conference, to go into all the ramifications of the financial setup of these holding companies. I don't think a categorical answer, without a definite illustration, would be useful. I think the Message is as far as we can go on it. It is pretty clear.

Q. Now that the War Department appropriation is through the Congress, have you given any consideration to the appointment of a Chief of Staff?

THE PRESIDENT: No, and I won't for some time.

Q. The St. Lawrence Waterway Treaty -- is that dead as far as this session of the Congress is concerned?

THE PRESIDENT: No further news. You know. Of course things depend a little bit on what happens in Congress.

Q. This investigation being made of the possibility of the preservation of Niagara Falls, has any report come from that?

THE PRESIDENT: Yes, and what has happened to it I do not know. What its present status is I do not know. In other words, I asked for a report on it and it came and I referred it to somebody. Whether it is in the State Department now or the War Department, I could not tell you. It is not in this office. It has been referred to someone else. I will check on that and let you know on Friday.

Q. Any more Messages to go up this week?

THE PRESIDENT: I do not know, Fred (Mr. Storm). It depends on a lot of things.

Q. Can you tell us whether a Message is likely on the banking bill?
THE PRESIDENT: What about it?

Q Whether you are likely to send a Message to Congress regarding the banking bill?

THE PRESIDENT: I do not know; that is just one of those vague things still. It is premature.

Q On the gold, do I understand you are still studying the legal aspects of it?

THE PRESIDENT: Yes, and will probably continue to do it.

Q Is there anything new with reference to the Wagner industrial disputes bill you can tell us about?

THE PRESIDENT: I could not yet. It is a little bit early on that. I have got to get some other things out of the way first. That will probably shape up later on in the session some way.

Q Any chance of the appointment of a successor to Patrick Farrell of the I.C.C.?

THE PRESIDENT: That depends a little bit. I have not had a talk with the people up there about this new setup of transportation as a whole and of course I probably won't until I am ready to send up the transportation Message that you all know about. Probably, in talking that over, that Message over with various people in the Senate and the House, I will get a clearer picture as to when the vacancy is to be filled.

Q You expect to hold conferences with people from the House before the Message --

THE PRESIDENT: (interposing) Oh, I do, right along. There is nothing formal about it. I call them on the phone to come down here, et cetera.
Q. Can you give us some idea of what type of public works project can be found to give doctors and lawyers and professional persons employment? There is an earmarking of $300,000,000. for such projects and it is a little difficult to figure out what they could do.

Q. How about newspapermen?

THE PRESIDENT: I know what I'd put some lawyers and doctors on.

(Laughter)

Q. A rock pile?

THE PRESIDENT: A rock pile is suggested by the front row.

Q. How about newspapermen?

THE PRESIDENT: That is not an easy thing to determine at all. People like doctors and lawyers --

Q. (interposing) Senator Copeland was much worried over the manicurists and dressmakers yesterday. (Laughter)

THE PRESIDENT: Turn them over to the Press. (Laughter)

Q. We could use a good dressmaker out there, Mr. President.

THE PRESIDENT: That is a difficult one. I do not know what to do with the lawyers and doctors. Of course one answer is not to turn out so many lawyers and doctors in the future.

Q. Thank you, sir.
CONFIDENTIAL
Press Conference #191,
Executive Offices of the White House,
March 15, 1935, 4.00 P.M.

THE PRESIDENT: Just between us, I sat up late finishing my income
tax last night.

Q So did Stevie (Mr. Stephenson), sat up late on the same thing.

Q There has been a lot of activity on the income tax out in the
press room.

MR. DONALDSON: All in.

THE PRESIDENT: Well, I understand that everybody has finally filed
their income tax returns.

Q And how!

THE PRESIDENT: And remember, any money that is made or lost in the
press room, it counts; it has to be reported. Of course you
can report it as a loss, too. But, judging from Fred's (Mr.
Storm's) face, he has to report gains.

Q (Mr. Storm) I never won a cent in my life.

Q Mr. President, do you care to comment on the N. R. A. cases in
court?

THE PRESIDENT: No, I don’t know how many there are. There are
hundreds of them. Which one?

Q The one in New Orleans, that is the one I was particularly inter-
ested in.

THE PRESIDENT: Is that the brewers' case?

Q Yes, sir.

THE PRESIDENT: I got a letter from Joe Choate and I don’t see any
reason why Steve (Mr. Early) cannot have it mimeographed for
you and give it to you or at least give out excerpts from it, if Joe Choate does not mind. He goes over, more or less in detail, the cases that have been up by the Federal Alcohol Control Administration and refers to the decision of Judge Otis in the M. K. Gostz Brewing Company case and points out that the Administration has been almost uniformly successful in having code provisions upheld. I don't see any reason why you should not have that letter.

MR. EARLY: Would it be all right if Mr. Choate would release it?

THE PRESIDENT: Yes. (Laughter)

Q Thank you, Steve. (Laughter)

THE PRESIDENT: Jim Wright asked me -- where is Jim? Isn't he here?

Q He is interested in that Niagara Falls thing, sir. I am his agent.

(Laughter)

THE PRESIDENT: He asked about Niagara Falls and I checked up on it, and on the twenty-fourth of January I got a memo from the State Department giving the status of the thing, showing that the status was in status quo and nothing was being done. It was suggested that the State Department approach the Canadian Government with the idea of looking to the construction of remedial works in the Niagara River to preserve the scenic beauty of Niagara Falls as proposed in the final report of the Special International Niagara Board. On the twenty-fifth of January I sent a memo to the Secretary of State approving his suggestion of approaching the Canadian Government for the purpose of working out an arrangement for the construction of remedial work with the proviso that it be clearly understood on both sides that no
permanent allocation of water rights is affected, nor any additional use of water by power companies, public or private, on either side of the Falls.

So, those negotiations are now proceeding.

Q Will you comment on the steel basing point reports?

THE PRESIDENT: What has happened on them?

MR. EARLY: They were out. The Federal Trade Commission and the N. R. A. reports on the steel basing code have been released.

THE PRESIDENT: Have you got them?

MR. EARLY: Yes, sir.

THE PRESIDENT: That is more than I have. (Laughter)

Q Have you decided when the transportation Message will go up?

THE PRESIDENT: Not yet; it has not been written.

Q Are you going to sign the resolution passed by the Congress proposing an investigation of the A. T. & T. (American Telephone & Telegraph Corporation) by the Communications Commission?

THE PRESIDENT: I probably can tell you an hour from now. Somebody wanted to speak to me before taking action on it, so it is sitting right here.

Q Not having seen the steel report, do I understand that you will delay taking any action on the Steel Code until after the Congress has passed on the new N. R. A. legislation?

THE PRESIDENT: I cannot tell you; I am not familiar enough with it to discuss it one way or the other.

Q What are your plans over the week end?

THE PRESIDENT: To stay right here and clear up a lot of business.

Q Have you signed the Rice Bill?
Q Amendment to the Three A's for Rice?

THE PRESIDENT: That has not come down here.

Q Church people are disturbed about naval maneuvers in the Pacific. Do you care to comment on those rumors?

THE PRESIDENT: Only off the record. If you want me to talk off the record about this, I'm perfectly willing to do it, just so you will understand what it is about.

It is perfectly true that some of our friends in the Federal Council of Churches, for instance, were disturbed by what amounted to a real misconception, misinformation, about the usual, normal, fleet exercises. Well, just to give you an example of how people can get the wrong slant on things, one of them came down the other day and said that the Japanese and American maneuvers were to be held simultaneously, side by side, within two or three miles of each other and that there might be some untoward incident and that we were going to hold our maneuvers out of the Aleutian Islands this summer. It is that kind of a thing that has our church people disturbed.

As a matter of actual fact, we are doing absolutely, literally nothing more than we have done on many previous occasions. When I was in the Navy Department, I cannot tell you which year it was but it was away back, about 1913 or 1914, along there, we had maneuvers on the Pacific Coast and we worked out the problem of the defense of Alaska and the American mainland. This was not against any individual power. It was just the usual fleet exercises. The defense problem involved a search problem covering,
roughly, the Eastern half -- less than a half, perhaps 40% -- of the Pacific Ocean, running from somewhere in Alaska down to Hawaii and then down south in the general direction of Panama. If you will look at the map, you will find that that sea area is roughly the eastern 40%, not going at all into the western 60% of the Pacific Ocean.

They held maneuvers of that kind some time after the war, some time around 1921 or 1922, they held them again -- the fleet was out for three years -- in 1931, 1932 and 1933. They were over on this Coast last summer and now they are back on the Pacific Coast.

There has never been any question arise between the Japanese and ourselves in relation to the maneuvers, and there never will. I believe the Japanese Admiralty announced some time after we did, and without any relationship to our announcement, that they were going to hold maneuvers down in the general direction of the Caroline and Marshall Islands -- I think there is a distance of about two thousand miles from where the American maneuvers are being held -- and their maneuvers are going to be held on a totally different thing. In other words, the whole thing is making a mountain out of a molehill -- that is not for publication, but the whole thing is absurd.

Q. Do you mind our using this point about the two thousand miles?

THE PRESIDENT: Yes, but I would rather you did not use it at all.

Q. Anything interesting in your talk with Mr. (H. G.) Wells (the author) yesterday?

THE PRESIDENT: Who?
Q Mr. H. C. Wells?

THE PRESIDENT: Oh, yes; we are old friends.

Q He did not tell us anything.

THE PRESIDENT: We talked about the past, present and the future of
the human race. All in an hour and twenty-minutes and we covered
it completely.

Q How does the future look?

THE PRESIDENT: All right. (Laughter)

Q Mr. President, are you sending up any Messages next week to the
Congress?

THE PRESIDENT: Oh, I suppose so. I do not know which ones.

Q Anything along the line of --

THE PRESIDENT: (interposing) I do not know; I do not know myself.

They are proceeding in the normal course.

Q Have you reached any conclusion from your monetary conferences?

THE PRESIDENT: Not yet; still working on it. Talked about it again
today.

Q Do you plan to send an observer to the gold bloc currency meeting
that begins in Brazil next week?

THE PRESIDENT: A bill on the gold --

Q (interposing) No, do you plan to send an observer to the gold
bloc currency meeting that begins in Brazil next week?

THE PRESIDENT: Not that I know of.

Q Can you tell us anything about your recent conversations with
Charles Taussig, who has been in several times?

THE PRESIDENT: No; I do not think there is any news on it. We talked
about a great many things.
Q Sugar?

THE PRESIDENT: No, no; never mentioned sugar. We talked about the education of the young, as a matter of fact.

Q Thank you, Mr. President.

THE PRESIDENT: Sorry we haven't any real news today. Put the lid on over the week end, as far as I am concerned.

Q The best story is the off-the-record one. We could write a swell piece on that.
THE PRESIDENT: I don't think there is any particular news today.

Q Mr. President, are there any new developments in the suggestion for an international loan to China?

THE PRESIDENT: No. No further news on it at all from any source, so the Secretary of State said yesterday.

Q Mr. President, I was wondering if you would care to comment on this German arms situation?

THE PRESIDENT: No, I think not. I think we can only properly maintain the general principles of the good neighbor and hope that that American principle will be extended to Europe and will become more and more effectual and contribute to the peaceful solution of problems and, incidentally with it, as a very necessary component part, the reduction of armaments. I don't think anything more than that can be properly said by us at this time.

Q How is the Disarmament Conference coming now?

THE PRESIDENT: I think I can put it this way, that they have made substantial progress on details in Geneva during the past month or six weeks, and I think they have all come to the point where most of the details of the problem of disarmament have been pretty thoroughly discussed so that there is fairly complete knowledge of the details, more so than at any time before. We are just hopeful.

Q Late dispatches indicate the probability of a British, French, Italian Conference on Lake Maggiore, one of the little towns up
there, sometime between now and the end of the week. I wonder if it will be possible for the United States to have an observer at that conference, if invited?

THE PRESIDENT: I do not know; we have not heard anything about it.

Q Have you had any communications from Governor Davey (of Ohio) since relief was taken over in Ohio?

THE PRESIDENT: No.

Q Any comment you care to make on that situation?

THE PRESIDENT: I can only comment off the record on it. Harry Hopkins was in yesterday. We thought we would try a game on you people in the press room, have him go out with a large brown envelope and, if somebody asked, "What is in that envelope?" he would say, "It is my pardon from the President." (Laughter) We were afraid somebody might take it seriously -- didn't have the nerve.

Q Have you anything to say about the visit of Senator Nye and his Committee here yesterday?

THE PRESIDENT: Nothing more than what Senator Nye said. I think the story is perfectly correct. They had hoped to have legislation or, rather, a report and, I suppose, legislation with it ready by the first of April. That relates only to the eventuality of the United States getting into war -- what would be done.

Q Isn't the status of Mr. Baruch's report the same as it was?

THE PRESIDENT: Yes, they made a verbal report on it.

Q Verbal? Will anything be used by the Nye Committee?

THE PRESIDENT: No; it all checks in together.

Q Does the Nye Committee plan suit you?

THE PRESIDENT: What?
Q: Does the Nye Committee plan, as published yesterday, suit your ideas?

THE PRESIDENT: Oh, we have not considered it in detail. Of course the objective is a common objective, to take the profits out of war.

Q: A few months ago there was speculation about a change in the policy regarding the freedom of the seas. There has been any amount of stories written about it.

THE PRESIDENT: Who started it? Grotius (Dutch jurist - 1609), wasn't it?

Q: Three or four started it.

THE PRESIDENT: And it is still raging four centuries later?

Q: Yes.

THE PRESIDENT: Right. (Laughter)

Q: In connection with the German situation, is there any possibility of the United States sending a note to Germany in connection with the Treaty of Peace?

THE PRESIDENT: No news on that at all.

Q: Do you plan to make any announcement during the week on the 12-cent cotton loan, the 1935 crop?

THE PRESIDENT: That I do not know.

Q: Are you considering a plan?

THE PRESIDENT: You mean this crop or the next crop?

Q: The crop being planted now.

THE PRESIDENT: I do not know.

Q: Have you under consideration a plan for the textile industry to lift the processing tax for one year? Have they spoken --
THE PRESIDENT: (interposing) Lots of people have talked about that. A very simple answer to that is that somebody has to raise the money some way, somehow, and nobody has yet suggested a way of raising it other than the processing tax.

Q Mr. President, Congressional leaders have undertaken to speak for the Administration and have asserted that --

THE PRESIDENT: (interposing) What is that?

Q They have asserted that the Administration is opposed, definitely, to the Patman and Vinson Bills and I wondered whether or not that also extended to the Tydings Bill to pay the bonus in baby bonds?

THE PRESIDENT: No news on that at all.

Q Mr. Baruch is scheduled to appear before the Nye Committee next Monday. Are you in a position to say whether he will present the views of the Committee of which he was head?

THE PRESIDENT: No; I believe he is testifying as an individual entirely.

Q Do you see your way clear to giving us any enlightenment on the views on the Wagner Labor Bill? It would be a great help.

THE PRESIDENT: I could not yet. The answer is premature because I have not given it enough study to talk on it intelligently. A little later on we will.

Q Will you comment at all on Mr. Douglas' comments on the Budget?

THE PRESIDENT: Mr. Lewis Douglas? No.

Q Thank you, Mr. President.
MR. DONALDSON: All in.

THE PRESIDENT: Go right ahead. How is the speech coming?

Q (Mr. Stephenson) Giving it a rest.

Q It is still in its rough draft stage.

Q Mr. President, the tax returns seem to be coming in well ahead of last year, much higher, and there was some talk, I think up on the Hill, of new taxes. Will this affect that in any way?

THE PRESIDENT: I do not believe so. Of course, it is too early to tell about new taxes because it depends so much on appropriations. This is said not as a threat.

Q In other words, the taxes --

THE PRESIDENT: (interposing) I did not say, "In other words."

(Laughter)

Q -- the taxes that are now levied are sufficient to carry the Budget as it exists today?

THE PRESIDENT: The normal Budget, yes. Now, wait a minute, hold on; if they proceed at this rate after the first of July, it will carry the normal Budget as outlined.

Q In that connection, the House passed the Bonus Bill today.

THE PRESIDENT: I just got the flash. I have not even read it. I do not know what form it went through in, so I cannot comment intelligently. And, even if I could, I would not.

Q Do you contemplate any statement in the next few days on 12-cent cotton loan for the 1935 crop?
THE PRESIDENT: I do not know. I do not know whether Agriculture
is going to say anything or not. Probably not about cotton loans.
All I can do is to repeat what I have said all along on cotton.
I have not changed the policy.

Q Mr. President, tell us about your conference with Mayor LaGuardia
of New York.

THE PRESIDENT: No. All we talked about was what you saw in the papers
this morning. He was a little concerned because some people were
saying that the bill which is up in Albany was the bill recommended
by Public Works and we had to make it clear that that part of the
bill in Albany that referred to referendum we had never seen or
heard of before and that, of course, in allocating Public Works
money out of this new bill, we wanted to do the allocating and
start to work as quickly as we possibly can, and anything that
delays the project will probably militate against allocating
the money for a project of that kind. The responsibility is
not Washington's.

Q Any further comment on this N. R. A. announcement of yesterday?
THE PRESIDENT: No; I do not believe so. One of the things that I
think everybody got -- I saw the stories this morning and they
were perfectly accurate -- was the general thought, through the
press to the public, that N. R. A. is not Little Orphan Annie,
that it is a very live young lady and has the backing of the
Administration and we expect a bill to go through guaranteeing
it two years more of life. The action yesterday was, I think,
calculated to explain that it is not Little Orphan Annie. We
are very much interested in its progress.
Q. Can you tell us anything about Senator Borah's visit today?

THE PRESIDENT: No, except that I see him occasionally and we just talk about a great many things, nothing in particular. We exchange views. He asks me questions about various things and I ask him questions about various things.

Q. Any discussion of politics?

THE PRESIDENT: No.

Q. Did he say anything about foreign affairs?

THE PRESIDENT: We talked about pretty nearly everything. For example, somebody said, "Was N. R. A. discussed?" N. R. A. was not discussed but the general problem -- just to use this as an example -- the general problem of excess production in certain industries was discussed, but no relationship to N. R. A. We were talking the principle rather than the details of legislation. That related to all the other things, foreign affairs, too. It was a very satisfactory kind of a talk because he is an extremely interesting man.

Q. Would you care to make any comment on the sale of gold to Mexico?

THE PRESIDENT: Except that there isn't any news in it. We have done it before on several occasions with other nations.

Q. Mr. President, were you consulted by the Department of Commerce before the signing of the new contract with the United States Lines for the construction of a new ship?

THE PRESIDENT: I did not read the contract but it would not be fair to say that I was not consulted.

Q. Before the contract was signed?

THE PRESIDENT: I was not consulted as to the contract. In other
words, the only thing we consulted about was the perfectly obvious question that arose last year. We thought we would make an honest attempt last year to prove the right or wrong of it. Last year, about this time or a little earlier, the question of using the LEVIATHAN, compelling the use of the LEVIATHAN under the terms of the contract, came up and the United States Lines said they would lose a lot of money on it, the ship would only run a quarter full or something like that but we all felt that at least the test should be made, so we compelled the Lines to put the ship into commission. They did their best to fill that ship but the travelling public would not use the ship. This year the question came up again and under the famous case, Merchant of Venice, 233 Shakespeare page 42, we decided not to demand the pound of flesh. In other words, we decided not to compel a private company to undergo a certain, definite loss. We used the rule of reason.

And then when it came to the question of the savings -- not the savings but the permission to the Lines to avoid a loss to the tune of $500,000., the Lines agreed to put that sum into a new ship, which was pretty satisfactory.

Q In other words, what is described as the $500,000. penalty for the waiver of the contract will go into the new ship?

THE PRESIDENT: Which seems like a good Yankee trade.

Q I asked the question because you said something about the lending of money for the building of ships as a policy?

THE PRESIDENT: Yes, but unfortunately I am bound by the present law and as long as the present law is on the Statute Book, any steam-
ship company has the right to come to the Government and demand a loan. I hope the law will be changed and, as I understand it from the contract, although I have not read it, if the law is changed as recommended, the building of the new ship will be under the new law rather than under the present law.

Q You said that the N. R. A. story was accurate. Is the partial Administration support of the Wagner Labor Dispute Bill also accurate?

THE PRESIDENT: I did not read that story.

Q It is all in the same story. (Laughter)

THE PRESIDENT: I was talking about the N. R. A. part of the story. (Laughter)

Q Going back to foreign affairs, can you tell us whether you discussed the German situation specifically with Senator Borah?

THE PRESIDENT: No, not specifically. (Laughter) We did discuss the European situation pacifically. (Laughter)

Q Can you tell us anything about your conference with Governor Eccles today?

THE PRESIDENT: I don't think there is any news in it. He told me what he had been doing before the Congressional Committee and that is all.

Q Can you give us some direct quotes on Little Orphan Annie?

THE PRESIDENT: Oh, I think so. (Laughter)

(The Press Conference adjourned at 4:11 P.M.)
THE PRESIDENT: It is good to see you all. Here is a fellow (Secretary Wallace) who is an editor.

SECRETARY WALLACE: The job these fellows have to do is just as difficult a job as being Secretary of Agriculture. They have been here for the last two or three days and have been meeting with us, and have drawn up a resolution which they have asked me to present to you.

THE PRESIDENT: We have some pretty big problems and we are getting on top of them, slowly but surely.

I have a good deal of interest in some of the things you are all doing, not only on the national end of it but on the personal end of it, because I have the problem of being a part-time farmer in New York State and a part-time farmer in Georgia. You cannot imagine any two counties where the conditions differ more than they do in Dutchess County and in Meriwether County, Georgia. So I have a pretty broad picture. I do not have a farm in what has become known as the dust area. That, again, is a difficult problem.

I would like to tell one story to the breeders: I believe that I have the most extraordinary herd of cows in the world up at Hyde Park. In 1848 my father, running a farm, got it into his head that he wanted to bring over some Alderney pure-blooded stock, so he got two or three bulls and about twenty or thirty Alderney cows and kept them for about twenty years, all registered, and at the end of twenty years he decided that they were too delicate for our Hudson River climate, so he began buying Jersey bulls and he crossed the original
Alderney cows with nothing but registered Jersey bulls from about 1870 to about 1895. Then he decided that he didn't like the Jerseys quite so much -- I do not know what the herd was by that time; you can figure it out for yourself but, mind you, nothing but registered stock -- and about 1895, when I was a small boy, he was going to change that herd into Guernseys so, from 1895 on, we had nothing but registered Guernsey bulls. So you had better get a piece of paper and pencil and figure out what kind of a herd I have got. (Laughter)

My chief claim on Hyde Park cows -- and I always rep on wood -- ever since T. B. infection came in, I think it was forty years ago that we started it around our section, we never had one single case of T. B. in the herd, which is a pretty good record these days.

I am awfully glad you are all down here and the chief point to emphasize is that we do not think we know it all down here. We do need help but we do not want knocking -- we want constructive help. We are all interested in the same objective. There are a good many roads leading to that objective and the thing to do is to find the road. What we want is increased purchasing power in the farm areas and if they do come along, they will get it.

It is good to see you all.

SECRETARY WALLACE: Thank you, Mr. President.
CONFIDENTIAL
Press Conference #93-B,
Aboard the Presidential Special Train,
on route from Jacksonville to Washington,
somewhere in South Carolina,
April 8, 1935.

THE PRESIDENT: It looks like an outdoor tan, doesn't it?

Q Mr. President, I got an indoor one too.

THE PRESIDENT: Was your behavior good, Fred (Mr. Storm)?

Q (Mr. Storm) I slipped a couple of times, Mr. President.

THE PRESIDENT: We had a grand time. We did not have a single bad day,
the whole time we were there, nothing but sunlight until yesterday
morning when it blew like mad for about three hours and then it blew
last night too, coming up.

Q I wish you had caught a real one like we did on the destroyer coming
down here last summer.

Q What do you call that (ship—the Farragut—on which the President came
ashore), a destroyer leader?

THE PRESIDENT: Just a destroyer.

Q How many tons?

THE PRESIDENT: Fifteen hundred. Do you remember up in Newport last summer
the British had a 3500-ton cruiser? This looks pretty nearly as big.

Q Has it any heavier plate than the ordinary destroyer?

THE PRESIDENT: No.

Q You can still puncture a hole in it?

THE PRESIDENT: Yes. If a torpedo struck her going at full speed, it would go
right through.

Q It looks like a cruiser.

THE PRESIDENT: Very much. That is a 5500-ton class and there are four of them
in commission. Two of them (will go into commission) this year and a lot more next year, nine, I think. The destroyer leaders are 1800 tons, 300 tons bigger.

Q. How many (knots) does she make, thirty-three?

THE PRESIDENT: Thirty-seven and a half but we are not saying it out loud. It is a great ship and absolutely steady.

Q. I will take her next summer instead of the GILMER. They have a little more room in the wardroom.

MR. JAMES ROOSEVELT: She has no vibration at all. We woke up in the middle of the night and thought we were on land. It is Betsy’s boat. She christened her.

Q. She certainly picked a nice one.

THE PRESIDENT: Did you get the message about adjectives?

Q. No.

THE PRESIDENT: Didn’t you see it?

Q. No, we did not get that.

THE PRESIDENT: Didn’t you get the one about adjectives?

MR. JAMES ROOSEVELT: Oh, you so-and-so! We spent hours on that.

Q. Mr. President, Mac (Mr. McIntyre) was kissing a hand at the moment and did not let it get by.

THE PRESIDENT: There was no color in your stories; I read them. The last time the plane came out there was no color so I supplied color and Mac held it out on you.

MR. McINTYRE: I did not really hold it out -- I just could not get it mimeographed in time.

Q. Mr. President, off the record, let us have it. What was it? Just for our information.
THE PRESIDENT: It was everything.

MR. MCINTYRE: I saved a copy and I will show it to you.

Q Mr. President, is there any news on the record?

THE PRESIDENT: Let's keep it off the record -- none of it on the record -- off the record, how much did I win today?

MR. JAMES ROOSEVELT: Twenty dollars.

Q Mr. President, I forgot to get my part of the grandstand in Tropical Park, which I own. I lost $58 out there and I still have got to get my plank out of the grandstand.

Q You own a piece of Bailey's. Joe Kennedy took us into Bailey's.

THE PRESIDENT: Somebody wrote a lovely story about my sitting on a swivel chair on the afterdeck of the NOURMAHAL. That did tickle my fancy.

Q (Mr. Trohan) It looks like me.

Q I wrote a nastier one than that but I did not write that.

Q I said you had trolled hundreds of thousands of miles and did not get a bite.

THE PRESIDENT: I think they all carried the story that we had been catching fish for the aquarium and they also said that we had been netting fish for the aquarium.

Q I wrote that.

THE PRESIDENT: We hauled the seine one day, with the aid of the destroyer's crew and everybody on board. You pick a sandy beach -- you have to find a place where it is more or less rocky bottom off shore, and then you take one end of this net, which is about eight or nine feet deep and about 400 feet long. It is weighted on the bottom and there are floats on the top. You take one end and anchor it on the beach and then gradually work it out, with (some) people in the water wading,
and the rest in a boat, and you work it out like that (indicating) and around in a great big circle and back to the beach, and, having made a complete circle, outside the circle they all splash. They make a great deal of noise and gradually you work it in and work it in until it gets down to bottom and then you work it in from there to the shore. It is a tremendous performance and a tremendous net, and finally it got narrower and narrower circle and then it got down to 30 feet across and then 20 and finally they hauled it onto the beach, expecting a large catch. In it were two fish that long (indicating) -- two fish that long, and one fish that long (indicating). (Laughter)

Q Who watched out for the barracuda while all this was going on?

THE PRESIDENT: I sat on the shore and right outside was a big shark. It would not come in with a crowd like that.

Q We went down to Key West. They had some horrible specimens (of marine life) down there.

THE PRESIDENT: We caught an awfully big shark night before last, right from the stern.

Q What did you use, a big hook?

MR. JAMES ROOSEVELT: Yes. It was 530 pounds -- 12½ feet long.

MR. McIntyre: What was the story about mental relaxation you were getting on the ship?

THE PRESIDENT: (laughing) That is on you.

Q (Mr. Stephenson) Isn't it true?

THE PRESIDENT: Every morning at breakfast we would get the U. P. news coming out over the radio marine and Vincent (Mr. Vincent Astor) -- this is off the record -- and Vincent had a perfectly swell game.
About every second or third night he would send up to the radio operator some crack on somebody on board. Last year it was Fred Kernochan who was constantly being investigated by the new Administration and about to be thrown out, et cetera. The night before last an item appeared in the ship news which read as follows:

"The secretarial office in Miami is being closed and Mr. McIntyre and staff will join the President sometime tomorrow. Mr. McIntyre intimated -- what is it? -- in a final press statement Mr. McIntyre intimated that the President had enjoyed great relaxation on this trip, especially in view of the fact that the mental calibre of his associates scarcely required effort on his part."

Well, Freddie Kernochan caught on; Kermit (Roosevelt) swears he did but I know damned well he did not.

MR. JAMES ROOSEVELT: He went around saying, "Damn it all; McIntyre is drunk again."

THE PRESIDENT: George St. George was pretty sore and Will Stuart was really awfully angry all the way through and Russell Heiter also thought that Mac was drunk again. He (Vincent Astor) did have them fooled completely.

Q (Miss Fleeson) Fooled?

Q Mr. President, you know that Adolph Ochs has died?

THE PRESIDENT: I know it, yes. The poor old boy was pretty sick for a long time. I will have to tell, again in the family, Charlie's (Mr. Hurd's) story -- I do not know if he wrote it. The summer before last Mr. Ochs came to lunch with me at Hyde Park. Do you remember?

Q (Mr. Hurd) Yes, sir.

THE PRESIDENT: He was tremendously interesting but entirely different from any time I had ever seen him before, and he got on the subject of
interest -- that is one of his pet hobbies -- and he said, "The
time will come all over the world when the original Jewish law
in regard to interest will be universal." The Jews under the old
law were never allowed to charge interest on any loan and it was
not -- this was something I never heard of before -- it was not until
they started living in ghettos and moved from place to place,
where they could not be sure of living in any one place, that they
got dispensation from the law and started to pay interest. That
was the origin of interest -- because they kept moving Jews around
from time to time. The old man said, "The time is going to come
when they are going to eliminate the excessive interest rates and
the next thing we are going to eliminate is interest altogether."

Q There is an interesting story to go along with that (a story on
interest rates). When the Hoover administration started to loosen
up the gold restrictions, we went down to see Mellon (former Secretary
of the Treasury) and he said that it would not be a Lombard loan.
Somebody said, "What is a Lombard loan?" Then he thought and he went
off into a 20-minute explanation but nobody knew what he was talking
about. Then somebody said, "We asked you about that Lombard?" He
did not explain it any better so they went in to see Ogden (Ogden
Mills, formerly Under Secretary of the Treasury) and, boy, did he go
into it! What Andy (Mr. Mellon) said was child's play. But they
still did not know what a Lombard loan was. They tried some of the
wise men on the Hill without success, and so, finally, they had to
go and write about this new bill. All they knew was that it was not
going to be a Lombard loan, so they went over and picked up a big
dictionary and it said that a Lombard loan is a loan made on any
kind of security. That is all it meant, and they had gone all over town. (Laughter)

THE PRESIDENT: Well, that goes along with the average financial story which is written. I have never seen a financial story yet that made sense.

Q When they did get the bill out, we checked up on it and asked what the purpose of it was and they said, "This bill is to create four billion dollars in free gold." They meant that the free gold would not be used as a cover for money in exchange but would be available for new money. But they could not say that; they said, "Four billion dollars in free gold."

THE PRESIDENT: Somebody would have invented the word "inflation." I have been reading a lot of financial literature on the trip and it really is awfully interesting. I brought down several books by English economists and leading American economists and there are two things that stand out. I suppose I must have read different articles by fifteen different experts. Two things stand out: The first is that no two of them agree, and the other thing is that they are so foggy in what they say that it is almost impossible to figure out what they mean. It is jargon; absolute jargon.

There is one fellow, I have forgotten who he is, an Englishman who writes for one of the weeklies like the Spectator, a national weekly or something like that, and he got off -- it is an old story now -- but I think it was the best description of what happened on the famous fourth of July, 1933, when my Message went over. He said the press always looks for spot news and the only thing they could carry was that my Message had busted up
the economic conference, and that was the story, that my Message had busted up the conference. That was all the newspapers cared about because that was spot news. But he went on to say that if they had analyzed it, they would have discovered that what the President had said was almost a repetition of what had already been announced in the Ottawa Conference in 1932, which was repeated two weeks later by the Imperial Conference in London itself -- in the Imperial Conference report. Both of those passed absolutely unnoticed, although those two statements of the British colonial policy and my policy were essentially, 100 per cent, identical. Actually, in my Message to the economic conference, I had put up a brand new theory, except that the Ottawa Conference beat me by a whole year. That (theory) was to stabilize values, and if you once did that you would get stabilization of exchange. But that was overlooked.

Q. Was that the Message you got up at Campobello?

THE PRESIDENT: That was the Message I sent out from the INDIANAPOLIS after leaving Campobello.

Q. That was the one we waited for but did not get?

THE PRESIDENT: Yes, it was; I had a bad time; that damned radio, you know.

There is another interesting story that you cannot tell. The State Department would not allow me to use Navy code, which is very simple. The Navy knows all about it. It is comparatively quick to decipher. We had to have a State Department code to communicate with London. So they put a State Department decoder on the cruiser. At first he was on the destroyer. Those things would come in -- he would get whole groups that were entirely garbled,
that did not make sense, and he would have to ask for a repeat from the State Department and it would be a number of hours before I would get a correct message. There was a terrible delay. Finally we got to Campobello and we spent two nights there -- or only one. I guess it was the second day, about 1:00 o'clock in the afternoon, somebody came ashore -- I guess it was you (Mr. McIntyre) -- from the cruiser, the INDIANAPOLIS, and said, "there is a long State Department dispatch coming in from London" and we went off on a picnic or something and came back in the evening and Mac went out to find out why we had not received the message and he found the whole thing was garbled and could not be decoded. He asked for a repeat and it was sent by wire and instead of being sent to Eastport, they sent it over the Canadian Government's telegraph. It went to St. Andrews, New Brunswick. There it was taken over from one ticker and then it was sent by submarine cable to another ticker at Welchpool on Campobello. I got the message in garbled form just before I left on the ship the following morning. Even then it was not entirely clear and I had to guess much about it. It was only then that I wrote the reply, so that you people did not miss anything on it.

Q. It takes them a long time in the State Department.

Q. I will never forget the time I covered my first State Department Conference. Those fellows who covered it before knew better than to ask a direct question -- it is bad form. I very industriously took notes for a half hour and it sounded vaguely familiar and I discovered, after I got all through, that there was one sentence that could be used, maybe, on page 28.
THE PRESIDENT: I heard they got all excited because there was one night where a message did not get in because of static.

Q The day you lost at sea.

THE PRESIDENT: Well, we got that off at 6:00 o'clock. You did not get it until 2:00 o'clock in the morning. There was an awful lot of static, wasn't there?

Q What is that due to, atmospheric conditions?

THE PRESIDENT: Yes.

Q What amazed me was that everywhere you looked there were storm clouds and yet they are always having a drought. Key West is very dry.

Q They say Miami hasn't had a real good rain since last December.

THE PRESIDENT: Well, we will go right on through to New York and come back tomorrow afternoon.

Q Anything doing at the White House late tomorrow afternoon when you get in?

THE PRESIDENT: No.

Q Did you take off some weight?

THE PRESIDENT: I think so. I will see you tomorrow. Are you all going through?

Q Yes, sir.

(End)
Q You certainly have a full house today. There must be 200 out there today.

THE PRESIDENT: There isn't any news; I do not know why they are coming in.

MR. DONALDSON: All in.

THE PRESIDENT: Well, the class is very glad to see the teacher at the opening of the new term. The class has behaved itself very well when it was on holiday. It has come back eager to learn from its teachers.

Q Did you return just as tough as you did last year?

THE PRESIDENT: Oh, yes; tougher.

I do not know any news. I got in here quite late yesterday afternoon, cleaned up a lot of mail which had to be signed, saw the Speaker and Mr. Doughton last night. That is about all the story there is on that and that is about all the news there is.

Q Mr. President, do you care to comment on the proposal to eliminate the cotton processing tax? Somebody made a suggestion along that line.

THE PRESIDENT: Do you know what it was?

Q No, sir, I just had it generally.

THE PRESIDENT: Of course, the only comment that is possible to make is that if the reduction payments are continued somebody has got to pay for it. Obviously it cannot come out of the four billion dollars, because that is relief and this other is not relief. I haven't had any suggestion yet as to where the money would come from excepting the processing tax. That is just common sense.

Q Mr. President, what progress has been made on allocating the four billion
eight hundred million dollars?

THE PRESIDENT: The only progress I know of that was made was that some people got themselves out on a limb in writing stories and then, when I did not come across within five hours of my getting to Washington, the stories were written that the thing had been delayed. Of course the thing has not been delayed at all. I think probably that we ought not, any of us, to over-stress what might be called the purely mechanical administrative set-up. The work will be carried out, the greater part -- far and away the greater part of the expenditure -- will be carried out by existing agencies of the Government. Now, that is something that everybody, in trying to write news, has forgotten. Far and away the greater part of the four billion dollars is going to be spent by existing agencies of the Government.

Now, they have all been studying on these plans that have been coming in, requests for allocations, et cetera and so on, for a long time, and it is going to take, of course, a long time in getting certain types of work actually under way. For instance, take the easiest example. Out of the bill, the Congress earmarked six hundred million dollars for CCC Camps. Well, I cannot immediately enlist three hundred thousand new young men off the relief rolls and start them off in camps tomorrow. We have, first, to build the camps. There is a simple illustration and, just to use that same analogy, Fechner is coming in today to ask me about the schedule -- I suppose that is the easiest way of putting it -- the schedule for building up the CCC to whatever we decide shall be its total number. It probably will be somewhere around six hundred thousand. Of course, that would raise another question when you come down to it, and I am
just using this as one example: In order to carry out the intent of Congress, we should make this money, out of the four billion dollars, the amount for the CCC, last through to the first of July, 1936. The present appropriation, last year's and this year's, goes from April 1st to April 1st, which is rather complicating it, and therefore I am inclined to think we will have to allocate more than six hundred million dollars in order to have six hundred thousand boys carried through in the CCC Camps up to the first of July, 1936.

That is just an illustration of twelve or fifteen or twenty different existing Government agencies. There won't be very much of a story on it. We will have some kind of -- I don't know, you could call them boards or committees or meetings, which will tie in all of the work together. I don't think there is going to be very much of a story in it. I am sorry.

Q Will there be a co-ordinator?

THE PRESIDENT: I guess not, no.

Q To put this relief army to work, three million five hundred thousand men, you have to have certain types of skill. Are these projects going to be planned so you have to move large armies of workmen from center to center?

THE PRESIDENT: Just as little as it is possible to do it. Of course, in the working up of this thing, there has been a tremendous amount of study made and the thing is proceeding. Whether I announce something today or tomorrow or the next day does not make any difference whatsoever. The work of coordinating the thing is going ahead very nicely. The first question we have to ask, and this goes to your question about moving people, is to take an area and say, "How many unemployed
are there in that area?" In other words, how many people do we have to take care of within that area? The area would be, roughly speaking, within daily bus distance. That is, of course, just a rule of thumb expression. What would that be? Thirty miles each way.
Now, within that area how many people are there unemployed? That is the first question.

What you are asking about is moving them so far away that you have to build buildings to house them. Of course, we will have to do a small amount of that.

Q Senator Van Nuys expressed the hope that you would not have to use the entire fund for work relief. Do you think you will have to?
THE PRESIDENT: I hope not. I have said that all along.

Q Any indication of what plans you have in mind for what relief you can afford white-collar men, professional men, doctors, lawyers and other men such as you will find in New York City?
THE PRESIDENT: I cannot give you any details. We will take care of as many as we possibly can. It is a difficult problem.

Q A great deal of trouble?
THE PRESIDENT: Yes. You take a clerk thrown out by a bank or a brokerage house in Wall Street. What is he going to do?

Q Any idea of when you can reach your peak in this thing?
THE PRESIDENT: The original plan was somewhere around the end of October. Now, of course, that will be later probably because of the delay in getting the bill through but we hope certainly to reach the peak before the middle of November. In other words, although there was a two-months delay, we hope to pick up one month of the delay.

Q The appropriation bill makes available this fund until July 1, 1937.
Is it your intention to use it within the coming fiscal year?

THE PRESIDENT: Spend all we possibly can before July 1, 1936? That will be something we will try to shoot at. Of course there will be some projects which the engineers and everybody else think can be completed by that date but, when you actually come down to it, there will be delays due to mismanagement and acts of God where it will run over after the first of July. But we are shooting for the first of July, as far as possible.

Q Anything new with respect to the neutrality policy?

THE PRESIDENT: No.

Q In these regional agencies, such as in the upper Mississippi Valley and that sort of thing, are there likely to be regional heads of some kind to coordinate the different kinds of work?

THE PRESIDENT: I think so.

Q Has it been decided who is going to handle housing yet?

THE PRESIDENT: No.

Q Will that be a new set-up, that regional organization?

THE PRESIDENT: I don't know. I haven't got around to it yet. We have two housing groups working at the present time.

Q Has Green (President of the A. F. of L.) and other officials written to you about the labor situation?

THE PRESIDENT: I do not think so. I had a letter from Congressman Barter about it. I am taking the thing up with the Labor Department, I think sometime today. I do not think I have had any letter from the Federation, have I?

(Mr. McIntyre indicated in the negative.)

Q Is there any possibility of Mr. Pierrepont Moffat, whose term expires,
becoming our new Minister to Greece?

THE PRESIDENT: I think he was sent to Australia.

Q. He was going to Sydney as Consul.

THE PRESIDENT: I do not know; I do not think so.

Q. Does your program (of appointments) for today have any further connection with work relief?

THE PRESIDENT: All of them. All appointments I have with various members of the Cabinet and I will probably talk to all of them about it.

Q. Can you tell us what your attitude will be on a move to split the banking bill in two parts and drop the Federal Reserve end of it?

THE PRESIDENT: I am not up on it.

Q. Can you tell us whether the Treasury will raise its price for silver if the world price goes up above that being paid by the Treasury?

THE PRESIDENT: I guess I had better not. I guess you had better ask Henry Morgenthau.

Q. He won't say anything.

THE PRESIDENT: I will give you a tip on it. If the price of silver in Montreal, or London, or the New York market goes above $64\frac{1}{2}$, the people who mine the silver will get more than $64\frac{1}{2}$. It does not make much difference whom they sell to. It is the point of view of the silver miner.

Q. Does the Federal Government contemplate offering any mediation in the labor situation in Ohio?

THE PRESIDENT: I have not talked to Perkins (Secretary of Labor) about it yet. I think the Labor Department is at work on it.

Q. In view of the critical nature of the European political situation at the present time, do you think the best policy of the United
States is to remain on the sidelines? (Laughter)

THE PRESIDENT: How old is that? I think you will have to do your own deducing from things happening from day to day.

Q: Can you tell us which organization will handle direct work relief as contrasted with loan or grant relief?

THE PRESIDENT: How do you mean?

Q: I mean a good deal of the work will be done by force account. Mr. Ickes does it by loan and grant. There is a differentiation in the bill between loans and grants.

THE PRESIDENT: It will take me twenty minutes to explain the thing. There are six or eight different Government agencies which are fully capable of handling a certain portion of the work by force account. The easiest illustration will be on the Upper Mississippi. Most of that work on the dams up there has been by contract, entirely by contract. Now, in the future a portion of it might -- I am simply saying "might" not "will" -- might, on the common labor end of it, be done by force account and the technical part be done by contract.

Q: Will the F. E. R. A. handle any large portion as it did under C. W. A.?

THE PRESIDENT: It depends on what portion of the work it is. In that case it will be the Army Engineers. It depends on what agency of the Government is charged with carrying out the work.

Q: In your Message to the Congress you mentioned a particular relief setup. Will there be any organization under the new plan different than in the past?

THE PRESIDENT: Yes.

Q: Has Hull (Secretary Hull) discussed with you the neutrality program he has been working on?
THE PRESIDENT: Not yet. We are going to talk about it today. He is coming in at three o'clock.

Q. Thank you, Mr. President.
Mr. Donaldson: All in.

Q. Is there any such thing in the offing as a money stabilization conference being contemplated?

The President: No.

Q. Mr. President, there was another grade crossing accident last night and I think there is a grade crossing elimination item in your bill. Can you tell us how soon that will be administered and how it is going to be administered?

The President: There's a grade crossing item in the bill and I hope we can use the full amount that has been suggested. This accident in Maryland is just another illustration. In various parts of the country they are having similar accidents in much too large numbers. This particular accident, as I take it, was on a side road, a little bit of a side road, where public buses ought never have been allowed to go. That shows the need of regulation. Secondly, on any main through line like the B. & O., there should be grade crossings in so far as possible, or else gates to protect the crossings. We have certainly had enough accidents in the past fifty years to prove the point that we do not seem to have got very far.

Now, on these grade crossing allocations, we have to adopt certain principles. We cannot let it go just hit or miss, any old crossing that somebody wants, and therefore we are going to spend it, in so far as possible in accordance with one or two rather simple rules. In the first place, we want to spend it before July 1, 1936, and therefore, because
speed is essential, we cannot spend it on crossings where condemnations of land would take a long time. We are going to put up to the states and to the municipalities the responsibility for getting the land so that we won't be held up by the problem of land purchases.

Q. Is some of that going to be spent in cities?

THE PRESIDENT: Yes.

Q. Did you say the problem of getting the land?

THE PRESIDENT: Getting the land, yes. That will be put up to the cities and the states and the counties so that when they bring us the projects or applications for the elimination of a grade crossing, the first question we will ask them is, "Have you got the land?" Then the second question we are going to ask is, "Is this on a main-line railroad?" The reason for that is that probably the present tendency in railroading is towards the abandonment of branch lines. Buses and trucks have already made most branch lines of railroads unprofitable to operate, and there is a growing tendency to abandon mileage on those little branch lines.

Furthermore, with the new streamlined trains that are coming in, the speed of trains on the main through lines is going up from forty-five or fifty or sixty miles an hour to seventy-five or eighty miles, and when a train goes through the countryside at eighty miles an hour there is all the more need for grade crossing elimination. Therefore, we are going to try to confine grade crossing elimination to the main through lines which will, in all probability, equip themselves with very high speed passenger trains.

Q. Have you, sir, any fixed estimate in your mind as to how much of this money might be spent within this period?

THE PRESIDENT: We don't know. The estimates run anywhere from one to two hundred million. We won't know until we have the applications in.
Q. Are railroads going to be asked to share in the cost?

THE PRESIDENT: No; outside of the cost of land it will be entirely borne by the Federal Government.

Q. Who will administer it, the Bureau of Roads?

THE PRESIDENT: Yes. I don't know about the machinery yet, but they will probably set up a special division in the Bureau of Roads to handle the grade crossing end.

Q. Any question whether the cost of this might go into the railroad rate base?

THE PRESIDENT: I don't know.

Q. I mean, this improvement might be of considerable importance to the railroads.

THE PRESIDENT: Aren't we trying to reduce the railroad rate base now?

Q. Yes, sir.

Q. Have you given any thought to the transportation message of late?

THE PRESIDENT: No.

Q. Will the Federal Government lend to buy the land?

THE PRESIDENT: No, we won't have to provide the land so we won't have any question raised as to whether we are paying too much or not. The responsibility is up to the local government.

Q. And the construction is outright grant?

THE PRESIDENT: Yes.

Q. Is the construction to be carried on by the Bureau of Roads?

THE PRESIDENT: That depends. Some states are equipped to do it themselves. For instance, the State of New York has a regular Grade Crossing Elimination Bureau perfectly competent to handle it. Some states have not got grade crossing elimination officers and will probably prefer to have us handle it directly.

Q. About Speaker Byrns' call the other night, and Representative Doughton's, discussing social security. Can you add anything to that?
THE PRESIDENT: Well, there were two questions raised at that time which will probably come up in the form of amendments in the House, and there is no reason why there should be any secrecy as to the attitude of the Administration on those two amendments. The first amendment relates to the old age insurance title and would eliminate any contribution by states. The Administration necessarily opposes that on two perfectly good grounds: The first is that twenty-eight states already have old age insurance and have their machinery set up to administer it and are paying the whole of the cost. For example, in the State of New York the state pays half the cost in the locality. The county or city pays the other half. Under the provisions of the bill, the actual cost to these states will be reduced because of Federal contributions and there does not seem to be any valid reason why the states should be wholly relieved from carrying out an obligation that they have already assumed and are managing to finance with perfect ease. Then the other reason is what might be called a democratic one. If the Federal Government were to pay the whole cost of old age pensions and no contribution on the part of the state, obviously the entire administration would be Federal administration. In other words, it would create a vast Federal army in all of the forty-eight states and the states would not have anything to say about it whatsoever because they would not be contributing one cent. Therefore, because we do not want to create a huge Federal army of Federal political appointees, et cetera, we prefer to have the states assume the burden of management and to contribute one-half the cost. That relates to one of the amendments.

The other amendment looks to the elimination entirely from the bill of the equally important half of the bill, when it really comes down to that, relating to unemployment insurance. What I have tried to make
clear, not only in talks with members of Congress but also in my message, is that this whole social security program is the ultimate answer to balancing the budget, which is an interesting point of view which I think might well be developed by the New York Sun and the Wall Street Journal and others. Right, Phelps (Mr. Adams)?

Q (Mr. Adams) I will fix it up for you, Mr. President.

THE PRESIDENT: In other words, there are two reasons for that. The first is, of course, that the old age pensions ought to take off the relief rolls everybody over 65 years old. Well, that will be a tremendous help to the Federal budget, without any question. The other factor, unemployment insurance, will also keep off the relief rolls a very large number of people, after it gets into operation, because it is the cushion that operates to maintain purchasing power on the part of the country when and if the country, in the future, starts into a major decline, an industrial decline, as it so often has in the past. If you make that cushion sufficiently large to prevent an immediate stopping of the purchasing power, you prevent the depression from going more than a short distance. Through an unemployment insurance plan a cushion is created for people who lose their jobs, thereby maintaining over a reasonable period of time purchasing power which they otherwise would lose. At the same time, you keep them off the relief rolls of the locality or of the Federal Government and make for a much greater certainty of a balanced budget in the future.

Now, those two things I have very, very definite ideas about; unemployment insurance goes absolutely hand-in-hand with old age pensions and the two of them together will implement the Treasury Department and the general policy of the Government in trying to cut down in the future after they get into actual operating effect the amount of money necessary to appropriate each year for relief or work relief. Financially, it is the
Q Have you discussed with Richberg (Mr. Donald Richberg) or the Attorney General the prosecution of the Colt Patent Firearms Manufacturing Company?


Q The prosecution of them for violation through the Compliance Division?

THE PRESIDENT: Not that. Only the question of the hearing before the Nye Committee today, and I told Senator Nye, because of the fact we hope that the strike up there was in process of settlement, that there would not be any investigation before the Committee today. We put it off for a few days, hoping that it will help to settle the strike.

Q Will you be willing for the investigation to go ahead if not settled in a week?

THE PRESIDENT: Not settled in a week? Depends on the status. I would rather settle the strike first and then take up the legal problems.

Q Anything on the Governors' Conference today?

THE PRESIDENT: We talked about cotton inside and out. I had some figures for them and they are now all in the Cabinet Room, continuing the talk. It is a very difficult problem, one that I have been more or less familiar with ever since I was a small boy, having spent many months of the year around New Bedford, Massachusetts, and being related to half of the people who own cotton mills in New Bedford. I do know something about it.

There is one thing I told the Governors and representatives and that is something that is worth publishing. There has been a great deal of — I don't like the word "propaganda", but there have been a great many statements made and figures given out in regard to Japanese competition. For instance, we have had appeals from many chambers of commerce stating
that this year, on the basis of present imports, we will import into this country twenty-four million yards of Japanese cloth. Now, when you come down to actual brass tacks, in other words, actual imports, you find a very different story. The figures show that while the imports of Japanese cotton textiles have gone up very much beginning last December -- in the Summer they rose from an average previous part of the year five hundred thousand yards a month, they rose to two million two hundred thousand yards; they went up four times in January, they went up to three million three hundred thousand yards and in February to four million eight hundred thousand yards. Now, on the assumption that during the balance of 1935 we continue to import Japanese textiles at the rate of January and February of this year, it will mean an importation of approximately forty-nine million yards. That sounds like an awful lot of cotton. Based on American production for the year 1933, which is about the same as 1934 and 1935, as far as we can guess, that total Japanese importation this year would be seven-tenths of one per cent -- seven-tenths of one per cent of the American production.

In other words, all of these increased imports in the last two months, if carried on through the year, will be less than one per cent of American production. That is just for the record, because that is based in part on the only definite figures we have and in part on estimates for the future. We are merely assuming that the Japanese imports will continue at the same rate.

Now, if they should go up very, very materially, that would be a different thing and we would have to cross that bridge when we come to it.

Then there are a great many other phases, the difference between the North and South, the newer machinery they have in the South, and we talked about other countries like Brazil who are putting up cotton mills of their
own. They are still engaged in discussing all those things in the Cabinet Room.

Q. Any decision reached on loans on cotton next year?

THE PRESIDENT: No, not yet.

Q. Any progress in the labor situation?

THE PRESIDENT: Steve (Mr. Early) tells me that there are, in the Cabinet Room, besides the governors, the Secretaries of State, Commerce, Agriculture and Labor.

Q. Any progress in the rubber strike situation?

THE PRESIDENT: No. Miss Perkins reported progress.

Q. Can you give us any idea when you would be likely to send a bonus Message up to the Congress?

THE PRESIDENT: I do not know that I am going to send a bonus Message to the Congress.

Q. Senator Robinson or Senator Harrison indicated that you were going to.

THE PRESIDENT: I might and might not.

Q. Would you apply to highway allotments the same ideas and general rules you applied to grade crossings?

THE PRESIDENT: On highway allotments, in general, they would be administered through the regular machinery of the Federal bureau and the state commissioners. There is practically no change. Very few changes except in certain cases where it may be cheaper or more efficient for us to do it directly.

Q. Are interest rates going to be lowered on Public Works loans?

THE PRESIDENT: I don't know; that is something I have not taken up.

Q. The mayors have consistently complained that they could not borrow money at the rate of four per cent?

THE PRESIDENT: It is a pretty good guess that if we can borrow money at three
we will have to reduce the rates of interest to the cities.

Q Your son Elliott says you are going to Texas this summer; anything about that?

THE PRESIDENT: That is just a hope.

Q Nothing definite?

THE PRESIDENT: That is right. I have been talking about it to the Vice President. I told him that as long as he would not come down to Washington between sessions I would have to go down to Texas and look him over.

Q That was a real workout (referring to the Press Conference).

Q Thank you, Mr. President.